

## AGENDA ITEM SUMMARY

Staff Contact Person: Maria L. Slavik

**AGENDA ITEM WORDING:** Approval for Purchase of Airport Liability insurance with Ace USA through Arthur J. Gallagher and Company.

**ITEM BACKGROUND:** Provides \$50 million in liability insurance coverage for Airport Operations (Key West and Marathon). Per Monroe County purchasing policy this coverage was put out for bids with incumbent providing lowest proposal. Increase Liability \$50,000,000 excess of \$50,000,000 – Total limit \$100,000,000 Separate Policy with Lloyds of London at an Annual Premium of \$26, 875. Effective date 7/27/05-7/27/06.

**PREVIOUS REVELANT BOCC ACTION:** Approved current coverage with this carrier effective 7/27/04.

**CONTRACT/AGREEMENT CHANGES:** Premium did not increase it remained the same.

**STAFF RECOMMENDATIONS:** Approval.

**TOTAL COST:** \$75,821                      **BUDGETED:** Yes X No       

**COST TO COUNTY: \$75,821**

REVENUE PRODUCING: Yes \_\_\_ No X AMOUNT PER MONTH\_\_\_ Year \_\_\_

**APPROVED BY:** County Atty \_\_\_\_ OMB/Purchasing \_\_\_\_ Risk Management \_\_\_\_

**DIVISION DIRECTOR APPROVAL:**   
**TERESA E. AGUIAR**

**DOCUMENTATION:** Included X To Follow\_\_\_\_\_ Not Required

**DISPOSITION:** \_\_\_\_\_ **AGENDA ITEM #** \_\_\_\_\_

MONROE COUNTY BOARD OF COUNTY COMMISSIONERS

CONTRACT SUMMARY

Contract with: Arthur J. Gallagher & Co Contract # \_\_\_\_\_

Effective Date: 7/27/2006

Expiration Date: 7/27/2007

Contract Purpose/Description:  
Airport Liability Renewal

*Proposals from respondents attached*

Contract Manager: Maria Slavik 3178 Risk Management #7  
(Name) (Ext.) (Department/Stop #)

for BOCC meeting on 6-21-06 Agenda Deadline: 6-6-2006

CONTRACT COSTS

Total Dollar Value of Contract: \$ \$75,821 Current Year Portion: \$ \_\_\_\_\_

Budgeted? Yes ☒ No ☐ Account Codes: 403-63001-530-450-

Grant: \$ \_\_\_\_\_ 403-63501-530-450-

County Match: \$ \_\_\_\_\_ - - - - -

ADDITIONAL COSTS

Estimated Ongoing Costs: \$ \_\_\_\_\_/yr For: \_\_\_\_\_

(Not included in dollar value above) (eg. maintenance, utilities, janitorial, salaries, etc.)

CONTRACT REVIEW

	Date In	Changes Needed	Reviewer	Date Out
Division Director	<u>6-5-06</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<u>[Signature]</u>	<u>6-5-06</u>
Risk Management	<u>6/5/06</u>	Yes <input type="checkbox"/> No <input type="checkbox"/>		
O.M.B./Purchasing	<u>6/5/06</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<u>[Signature]</u>	<u>6/6/06</u>
County Attorney	<u>6/5/06</u>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<u>[Signature]</u>	<u>6/5/06</u>
Comments: <u>Need to attach prior policy</u>				

# INTERISK CORPORATION

Consultants

Risk Management  
Employee Benefits

1111 North Westshore Boulevard  
Suite 208  
Tampa, FL 33607-4711  
Phone (813) 287-1040  
Facsimile (813) 287-1041

June 5, 2006

Ms. Maria Slavik  
Risk Management Specialist  
Monroe County  
502 Whitehead St.  
Key West, Florida 33040

Subject: Renewal of Airport and Operators General Liability:

Dear Maria:

A copy of Arthur J. Gallagher's proposal for the renewal of the County's Airport Owners and Operators General Liability insurance has been received and reviewed.

The County's current program is provided by three (3) different insurers divided into two (2) separate layers. ACE Property & Casualty Insurance Company provides the first \$50 million of coverage and Lloyds of London and Allianz Marine & Aviation Insurance Company provides an additional \$50 million of coverage for any claim that exceeds the limits provided by ACE. This brings the total limits of protection to \$100 million. The combined annual premium for the current program is \$75,821. There is no deductible associated with the current program. The current program has been enhanced to provide "contingent" liquor liability coverage in the event the insurance provided by the operators of the Couch Flyer at the Key West International Airport fails to adequately protect the County. It is believed that the current program is well structured utilizing insurers that enjoy favorable ratings from the A.M. Best and Company, the leading evaluator of insurance company operations.

Gallagher has submitted a proposal indicating that ACE, Lloyds and Allianz has agreed to renew their policies effective July 27, 2006 for a period of one (1) year. The proposal indicates that the terms, conditions and pricing will be the same as the current program. In light of the unstable insurance market place, it is believed that Gallagher has submitted an attractive renewal proposal and it is being recommended that Monroe County accepts Gallagher's proposal for the July 27, 2006 to July 27, 2007 policy term.

It should be noted that as with the current program, claims arising out of war or terrorism will be excluded. Gallagher has indicated that these exclusions can be removed for an additional premium of \$45,000 (\$30,000 for war and \$15,000 for terrorism). It is not believed that the additional cost being proposed to eliminate these two exclusions is cost justified. It is therefore recommended that the County not pay the additional premium to eliminate the war and terrorism exclusions.

As always, please do not hesitate to call if you have any questions.

Cordially,

INTERISK CORPORATION

A handwritten signature in cursive script, appearing to read "S G Webber".

Sidney G. Webber  
CPCU, ARM

Cc: Teresa Aguiar

**MONROE COUNTY, FLORIDA  
AIRPORT LIABILITY RENEWAL  
2004/05 POLICY YEAR  
PROPOSAL EVALUATION**

Insurer	Current Program	Arthur J. Gallagher	Willis	Marsh USA
	ACE USA	ACE USA	Global Aerospace (see comments)	Old Republic Ins. Co. Lloyds of London
A.M. Best Rating	A	A	A to A++	Old Republic - A+
Limits	\$50 million	\$50 million	\$50 million	Lloyds - A-
Retention/Deductible	None	None	None	\$50 million
Occurrence/Claims Made	Occurrence	Occurrence	Occurrence	None
Defense Costs Included in Limits	Yes	No	No	Occurrence
<b>Coverages</b>				No
Premises and Operations	Yes	Yes	Yes	Yes
Independent Contractors	Yes	Yes	Yes	Yes
Products/Completed Operations	Yes	Yes	Yes	Yes
Medical Expenses Payments	Yes	Yes	Yes	Yes
Blanket Contractual	Yes	Yes	Yes	Yes
Personal Injury	Yes	Yes	Yes	Yes
Contingent Hangarkeepers	Yes	Yes	Yes	Yes
Discrimination and Civil Rights	Yes	Yes	Yes	Yes
Special Events	Yes	Yes	Yes	Yes
Contingent Liquor Liability	Yes	Yes	Yes	Yes
Off Premises Auto	Yes	Yes	No	No
Non-Owned Aircraft	Yes	Yes	Limited to emergencies	Yes
Premium	\$53,484	\$45,400	Yes	Yes
Comments			\$52,800	\$61,483
			Global Aerospace is an underwriting syndicate with the following insurers as members: National Indemnity Converiva Munich Re Tokio Marine Mitsui Sumitomo	A sub-limit of \$25 million applies to Malpractice, Off Premises Auto and Products and Completed Operations' claims.

**MONROE COUNTY, FLORIDA  
AIRPORT LIABILITY RENEWAL  
2004/05 POLICY YEAR  
PROPOSAL EVALUATION**

Optional Proposals

**ARTHUR J. GALLAGHER**

Increase limits of liability to \$100 million – Additional premium of \$25,000 (\$70,400 total)  
 Remove War exclusion - \$9,080  
 Include Terrorism coverage - \$9,080

**WILLIS**

Willis proposed the following optional limits and deductibles

Option	Annual Premium
\$50 million limit with \$10,000 deductible	\$48,000
\$75 million limit with no deductible	\$80,828
\$75 million limit with \$10,000 deductible	\$73,480
\$100 million limit with no deductible	\$104,500
\$100 million limit with \$10,000 deductible	\$95,000

**MARSH USA**

Include Terrorism coverage with \$50 million limit - \$88,613  
 \$30 million limit of liability - \$33,150  
 Include Terrorism coverage with \$30 million limit - \$60,280  
 \$75 million limit of liability - \$81,483 (Products and Malpractice will have sub-limits of \$25 million)  
 Include Terrorism coverage with \$75 million limit – \$108,613  
 \$100 million limit of liability - \$86,483 (Products and Malpractice will have sub-limits of \$25 million)  
 Include Terrorism coverage with \$100 million limit – \$113,613

ADMINISTRATIVE SERVICES DEPARTMENT  
PURCHASING OFFICE  
TABULATION SHEET

OPEN DATE: JUNE 24, 2004 AT 11:00 AM

BID ID #: RFP-RSK-167-199-0-2004/PUR

TITLE: REQUEST FOR PROPOSALS FOR AIRPORT LIABILITY INSURANCE

RESPONDENT	PROPOSAL RECEIVED
ARTHUR J. GALLAGHER & CO.	X
MARSH USA INC.	X
WILLIS FLORIDA OPERATIONS	X

Bid Committee Present: Lisa Ernst Cherry and Carlos Victores - Purchasing Office, Bill Grumhaus - Risk Management and Peter Horton - Key West Airport.  
Members of the Public Present: None.

I hereby certify that this is a true and correct copy of said bid opening and that all bidders listed above have been checked against the State of Florida Convicted & Suspended Vendor listings. All bids listed above were received by the date and time specified.

Bid Opened By: Lisa Ernst Cherry, Purchasing Supervisor